

## **Delaware River Deepening Justified**

### **Supplemental report confirms economic justification of Delaware River Deepening after independent review**

The United States Army Corps of Engineers has released a supplemental report that supports the economic feasibility of the Delaware River Deepening based on reanalysis and review of several categories of project benefits.

The February 2004 Supplement to the December 2002 Comprehensive Economic Reanalysis Report on the Delaware River Main Channel Deepening Project identifies \$24.2 million in annual benefits and \$21.0 million in annual costs, yielding a net benefit of \$1.15 for every \$1 spent on the project. Total project cost is now estimated at \$264.6 million.

This latest refinement of economic reanalysis indicates that the Delaware River Main Channel Deepening Project, after extensive internal and external review, remains a prudent investment in the nation's infrastructure.

The Corps will continue forward in cooperation with the non-federal sponsor (the Delaware River Port Authority) and with the states of Delaware, New Jersey and Pennsylvania to resolve project implementation issues.

Following public release of the December 2002 report, which identified a benefit-cost ratio of 1.18, the principal crude-oil lightering company that operates in the Delaware River raised concerns about the Corps' data and assumptions with respect to lightering benefits. As a result, the Corps agreed to reanalyze lightering and other crude oil transportation cost savings. The Corps also reviewed other benefiting commodity types based on current vessel movement information, which in the case of containerships indicated significant changes since the December 2002 report.

At the outset of this reanalysis of benefits, the Corps engaged a panel of experts for independent review of the reanalysis and results. The review panel found the Corps' overall benefits analysis for the majority of commodities to be sound, including the estimates of benefits from lightering, tanker operations and bulk vessel operations. They did cite uncertainties with respect to the container benefits, due largely to reliance on the forecasts and assumptions of a relatively small number of participants.

The Corps recognizes that in any economic forecast, there is a degree of risk associated with the accuracy of future projections. In response to the panel's concerns on containership cargo, the Corps provided additional sensitivity analyses and documentation, which have been incorporated into the February 2004 report. In light of this additional information and of the dynamic nature of the

port and shipping services, the Corps concludes that the overall economic justification is reasonable and supportable.

The Delaware River Main Channel Deepening Project will deepen the existing 40-foot ship channel to 45 feet, extending 102.5 miles from the mouth of the Delaware River to Philadelphia.

The documents associated with this decision are available at:  
<http://www.nap.usace.army.mil/cenap-pl/drmcdp/nr.htm>